

Office of Personnel Management

FPM Letter 296-65

Federal Personnel Manual System

FPM Letter 296-65

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Supplement 296-31

RETAIN UNTIL SUPERSEDED

SUBJECT: Documenting and Reporting Personnel Actions on Employees
Who Receive Retired or Retainer Pay

Washington, D. C. 20415

March 6, 1980

Heads of Departments and Independent Establishments:

1. PAY CAP

P. L. 95-454 (Civil Service Reform Act of 1978) placed a pay cap limitation on members or former members of the uniformed services who hold Federal civilian positions. The law provides for a reduction in retired or retainer pay if the combination of salary of the civilian position and retired or retainer pay from the uniformed services exceeds the rate of pay for positions at Level V of the Executive Schedule. This pay cap limitation applies to retired officers and retired enlisted members of both regular and reserve components, although some individuals may be exempt due to the date that retired or retainer pay began.

(The provisions of 5 U.S.C. 5532(b) which require reduction in retired or retainer pay of a retired regular officer remain unchanged.)

2. REPORTING REQUIREMENTS

FPM Letter 296-49, December 29, 1978, and Subchapter S8 of Appendix A, FPM Supplement 296-31, contain instructions for agencies to follow in reporting to the uniformed services finance centers. Those instructions are changed as follows.

- a. Agencies must report to the finance centers all accessions of members or former members of the uniformed services who receive retired or retainer pay on the effective date of appointment. (An accession, for this purpose, means any addition to the agency's rolls, regardless of the type of personnel action; this specifically includes accessions by transfer from another Federal agency.) The finance center will then advise the agency whether the member is subject to the pay cap and whether it should report all subsequent pay changes.
- b. If the finance center advises that the member is not subject to the pay cap and that further reporting is not required, file the notice from the finance center on the temporary (left) side of the member's Official Personnel Folder. No further reporting is required for pay cap purposes.
- c. If the finance center advises that the member is subject to the pay cap, report all subsequent pay changes and other personnel actions (including separations, corrections, cancellations, and actions which move a person to or from a position for which an exception to 5 U.S.C. 5532(c) has been authorized) which affect the pay of the employee. File the notice from the finance center on the temporary (left) side of the Official Personnel Folder (OPF).

Inquiries: Agency Relations (ACE), Work Force Information Division, Records Management
Branch, (202) 254-9899, -9790

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- d. Note that the notice from the finance center as to whether the member is subject to the pay cap is a temporary document. Since this document would be removed from the OPF when an employee separates, a subsequent employing agency would not know the finance center's determination. It is the intent of these instructions that each new employing agency report an accession, even when there is no break in service and the previous agency had a notice from the finance center.
- e. The above reporting instructions are only for pay cap purposes. There is no change in the reporting requirements for reduction in retired or retainer pay of regular retired officers (5 U.S.C. 5532(b)). Agencies must continue to report all accessions, separations, and any other personnel actions which move a retired officer to or from a position for which exception to 5 U.S.C. 5532(b) is authorized.

3. IDENTIFICATION OF EMPLOYEES RECEIVING RETIRED OR RETAINER PAY

- a. An agency is able to identify at time of appointment, through common pre-appointment practices, those new appointees who are receiving uniformed service retired or retainer pay.
- b. An agency cannot determine from the Official Personnel Folder when a current employee begins to receive retired pay based on retirement from a reserve component. At the time that FPM Letter 296-49 was issued, the problem of identifying these reservists was under study. Those uniformed services which are affected have now agreed upon the following procedures.

At the time a reserve member applies for retirement pay, the uniformed service will determine whether the member holds a Federal civilian position or will hold one on the date the member becomes entitled to retired pay. If so, the uniformed service will then advise the employing agency whether the retiree is subject to the pay cap and request that it start reporting civilian pay information to the finance center.

These procedures place responsibility with the uniformed services for identification of current Federal civilian employees who begin receiving retired pay based on retirement from the reserves. To do so, the uniformed services are revising or supplementing retirement applications. In order to assure that all members have been properly identified, agencies are requested to advise all employees of the law as it applies to reservists and request that any reservist who began receiving retired pay since January 1979 so advise the personnel office if he or she has not already done so.

These procedures place responsibility with the employing agencies to aid in identifying retired reserve members who hold Federal civilian positions and, once identified, to report civilian pay information on these members to the finance centers.

4. DOCUMENTING PERSONNEL ACTIONS

- a. FPM Letter 296-49 requires that "RETO" or "RETM," as appropriate, be added to the Nature of Action on each personnel action processed on such an individual. This requirement remains unchanged.
- b. Table 4, Subtable 1-3e(6)(b) and Appendix A, Subchapter S8, of FPM Supplement 296-31, contain instructions for entering additional data on appointment actions. Effective immediately, those instructions are modified by the following:

Add the information in the order listed below as the last item under "Remarks" on the SF 50, Notification of Personnel Action (or an OPM-approved exception thereto). If possible, separate it from other remarks by one blank line.

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Enter this information on each appointment action, and on any other personnel action which moves an employee from a position for which exception of any section of 5 U.S.C. 5532 is authorized to a position for which exception is not authorized, or vice versa.

Enter this information for every employee who receives retired or retainer pay from the uniformed services.

- (1) Identify the member's uniformed service, using the following abbreviations:

A for Army

N for Navy

AF for Air Force

MC for Marine Corps

CG for Coast Guard

NOAA for National Oceanic and Atmospheric Administration (or Coast and Geodetic Survey, Environmental Science Services Administration)

PH for Public Health Service

- (2) Show effective date of retirement in six numerals in month-day-year sequence, e.g., 02-10-64. If the member is receiving retainer pay, enter none. (If a date is shown here, then Item 4 below should show "none.")

- (3) Indicate whether the employee is excepted from one or more provisions of 5 U.S.C. 5532. Show as appropriate:

5 U.S.C. 5532(a), 5 U.S.C. 5532(b), and/or 5 U.S.C. 5532(c).

If the appointee is not excepted from any of these provisions, show not 5 U.S.C. 5532.

- (4) Show date of transfer (in month-day-year sequence) to the Fleet Reserve. This applies only to the Navy or Marine Corps. If the member is receiving retirement pay, enter none. (If a date is shown here, then Item 2 above should show "none.")

The following sample entries illustrate how the entries are to be shown:

A/01-15-59/Not 5 USC 5532/none

AF/11-01-61/Not 5 USC 5532/none

PH/12-10-78/5 USC 5532(b) and (c)/none

N/none/Not 5 USC 5532/05-01-79

5. FINANCE CENTER ADDRESSES

Effective immediately, the address for reporting personnel actions for retired members of the Coast Guard is:

Commanding Officer
U. S. Coast Guard
Military Pay Center
Retired Pay Branch
6501 Lafayette Avenue
Riverdale, Maryland 20840

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(4)

FPM Bulletin 296-34 contained a new address for the Public Health Service. That address has been further refined in order to assure more direct routing of mail to the proper office. Effective immediately, the address for reporting personnel actions for retired members of the Public Health Service is:

Retirement, Annuity and Benefits Section/CBB
Commissioned Personnel Operations Division, OPM/OM
U.S. Public Health Service
Room 4-35, Parklawn Building
5600 Fishers Lane
Rockville, Maryland 20857

Current addresses of other finance centers are shown in FPM Letter 296-49.

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